

**STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS**

ORDER OF INTEGRATION

Re: Application of Noble Energy, Inc.) Case No.: DOG-2-2009
For the integration of oil and gas interests owned by)
unknown SOLSMAN 1-32H Unit, East Half of Section 32,)
Township 7 North, Range 9 West, Sullivan County, Indiana

As provided in Indiana Code 14-37-3-16, an informal hearing was held in this matter on Thursday, July 30, 2009 beginning at 11:00 AM (Eastern), before the Indiana Department of Natural Resources (IDNR), Division of Oil and Gas (Division), at the Indianapolis Office of the Division of Oil and Gas located at 402 West Washington Street, Room W293, Indianapolis, IN 46204. The purpose of the informal hearing was to consider the Petition for Integration of Interests (Application) for the above drilling unit filed by Noble Energy, Inc. hereinafter referred to as "Applicant".

Having reviewed the entire record in this matter, and being duly advised, the Director of the Division of Oil and Gas (Director) makes the following Findings of Fact, Conclusions of Law and Order of Integration:

FINDINGS OF FACT

1. Applicant. is a corporation whose principal place of business is 1625 Broadway Street, Suite 2200, Denver, Colorado 80202. Applicant. is authorized to transact business in the State of Indiana and its agent for service of process is CT Corporation System, 251 East Ohio Street, Suite 1100, Indianapolis, Indiana 46204.
2. Applicant applied for and was granted authorization to create the SOLSMAN 1-32H containing 320.00 acres (more or less) in Section 32, Township 7 North, Range 9 West comprised of the east half of said section.
3. A property of unknown ownership known as the Lemon Cemetery is located within the established SOLSMAN 1-32H UNIT. Specifically, the property is described as being a sixty (60) feet square cemetery located in part of the Southeast Quarter of the Northeast Quarter of Section 32, Township 7 North, Range 9 West.
4. Based upon information provided by the Applicant, oil and gas leases have been executed and acknowledged or ratified on the remaining acreage within the established drilling unit.
5. Despite due diligence and good faith efforts, the Applicant was not able to determine ownership of the Lemon Cemetery property or to obtain consent for the proposed lease of oil and gas rights on any portion of the Lemon Cemetery property described above.
6. IC 14-37-9-1(b) requires that, where owners of separate tracts within an established drilling unit do not agree to integrate their interests, the IDNR shall require the owners to integrate their interests in order to prevent waste or the drilling of unnecessary wells.
7. The Petition filed in this matter by the Applicant seeks, pursuant to IC 14-37-9, the issuance of an integration order whereby the interests of all owners of separate tracts within an

established drilling unit are integrated and the combined tracts developed as a consolidated production unit.

8. The Applicant attached the following documents to its Petition:

Exhibit A	Legal description of "Separately Owned Interests"
Exhibit B	Map of Pooled Unit Depicting Well and Parcels
Exhibits C	Oil and Gas Lease Form Utilized in Project Area
Exhibits D	Division of Ownership Interest Spreadsheet
Exhibits E	Contact Report Summarizing Lease Attempts

9. IC 14-37-9-2 requires that an integration order must be based upon reasonable terms that give the owner of each tract an equitable share of the oil and natural gas in the unit.
10. On July 6, 2009, the Division published a Legal Notice in the Sullivan Daily Times, as provided in 312 IAC 16-2-3, providing written notice of the date, time, and place of the informal hearing to be held in Indianapolis, IN on July 30, 2009. The notice also requested any information that would assist in establishing rightful ownership of the Lemon Cemetery tract.
11. The Legal Notice stated that in the event ownership of the Lemon Cemetery parcel is not established by the conclusion of the informal hearing, that it was the intent of the Division to reserve proceeds from the production of oil and gas from this parcel by integrating the oil and gas interests into the existing SOLSMAN 1-32H UNIT in the form of a proportionate 1/8th royalty interest of all oil and gas produced from the Unit.
12. The following persons were present at the informal hearing held in Indianapolis on July 30, 2009:

<u>Person</u>	<u>Representing</u>
Donna Adams	Sullivan County Cemetery Board
Marita Harris	Haddon Township Resident

13. Donna Adams and Marita Harris both expressed concerns with respect to the importance of preserving and maintaining cemeteries which are not currently owned or operated by viable entities. Both expressed a desire that any oil and gas royalties accrued for the benefit of the Lemon Cemetery property go to either the Sullivan County Cemetery Board or to the appropriate Township Office to offset costs incurred for maintenance of the Lemon Cemetery.
14. IC 23-14-67 and IC 23-14-68 contain provisions addressing the care and maintenance of cemeteries that are "without funds for maintenance", or which are "not managed by any viable organization". Responsibility for the care and maintenance of such cemeteries are specified under IC 23-14-67 in the case of certain cemeteries by Townships, and under IC 23-14-68 in the case of other cemeteries by Counties.
15. Based upon a review of all relevant information, the Petition should be granted in order to allow the Applicant to proceed with the development of the aforementioned drilling unit in such a manner that affords the rightful owners of the Lemon Cemetery property the opportunity to receive a just and equitable share of the production of oil, natural gas, or other hydrocarbons from said unit.

CONCLUSIONS OF LAW AND ORDER OF INTEGRATION

1. IC 14-37-9 and any rules promulgated thereunder apply and are pertinent to the subject matter of the Application filed herein.
2. There has been full compliance with all notice requirements provided by law, and all interested parties have been afforded an opportunity to be heard.
3. The IDNR and the Division have jurisdiction to hear this matter and authority, as delegated by the Natural Resources Commission, to order the integration of interests in accordance with IC 14-37-9-1(b)
4. The Petition, herein referenced, contains the elements required by law.
5. All leaseholds and parcels comprising the SOLSMAN 1-32H UNIT located in Section 32, including the Lemon Cemetery, as previously described in Sullivan County, Indiana are hereby ordered to be integrated as a single drilling unit. It is reasonable, fair, and equitable, as required by IC 14-37-9-2, that such division of interest be accomplished as depicted in Exhibit "D" of Applicants Petition so that unit operations may be conducted as if the unit areas had been included in single leases executed by all owners of oil and gas interests within said units.
6. The rightful owners of the Lemon Cemetery shall be entitled to receive a $1/8^{\text{th}}$ royalty share of all oil, natural gas, and other hydrocarbons produced calculated at the rate of 0.003125% of the total production from the SOLSMAN 1-32H UNIT.
7. As provided in IC 14-37-9-2, the portion of the production allocated to the owner of any tract within the SOLSMAN 1-32H UNIT shall be considered as if produced from a well drilled on that tract.
8. Notwithstanding any contrary provisions contained in the attachments to the Petition, nothing in this Order of Integration shall be construed as granting the Applicant any legal right of entry onto, over, or across any portion of the Lemon Cemetery property.
9. Although it might appear reasonable that the proceeds from production from the SOLSMAN 1-32H UNIT allocated to the Lemon Cemetery property be paid directly to the Sullivan County Cemetery Board or to the Township Office to cover costs for care and maintenance of the cemetery as requested by Donna Adams and Marita Harris, IC 14-37 does not provide authority to IDNR or the Division of Oil and Gas to determine rightful ownership of the Lemon Cemetery property.
10. Until such time that rightful ownership of the Lemon Cemetery property is established, Noble Energy, Inc. shall allocate production from the SOLSMAN 1-32H UNIT to the benefit of the owners of the Lemon Cemetery property at the rate specified in paragraph 6 of this Order. Said funds shall be reported to the Indiana Office of the Attorney General at such intervals as may be required under IC 32-34-1 and 10 IAC 1.5-6-1.
11. This order is a final administrative action of the IDNR and, as such, is subject to administrative review under IC 4-21.5-3-7 and may be placed of record by the Applicant in

**DIVISION OF OIL AND GAS
DEPARTMENT OF NATURAL RESOURCES**

**NOTICE OF ORDER OF INTEGRATION
NOTICE OF RIGHT TO APPEAL
CERTIFICATE OF MAILING**

You are hereby notified that on the date indicated below, the Indiana Department of Natural Resources, through the Director of the Division of Oil and Gas, issued an Order of Integration with respect to certain oil and gas drilling interests under Cause No. DOG-2-2009. The Order of Integration is based on an Application for Integration Order previously filed by the Applicant, Noble Energy, Inc., and on an Informal Hearing held in this matter on July 30, 2009, in Indianapolis, Indiana to consider the request for integration. A copy of the Order of Integration issued on the date indicated below is enclosed.

The terms of the enclosed Order of Integration are subject to appeal and review under IC 4-21.5-3-7 in a hearing before an Administrative Law Judge. In order to qualify for administrative review, a person must petition for review in writing stating facts that demonstrate the petitioner is:

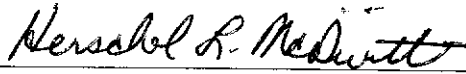
- (A) a person to whom the order is specifically directed;
- (B) aggrieved or adversely affected by the order; or
- (C) entitled to review under any law.

In order to be timely, any petition for administrative review must be filed with the Division of Hearings, Natural Resources Commission, Indiana Government Center South, 402 W. Washington St., Rm. W272, Indianapolis, IN 46204 within eighteen (18) days after the mailing date of this notice. If no petition for administrative review is filed within the stated time limit, all terms and conditions contained in the enclosed Order of Integration will become final and binding.

I further certify that a copy of the referenced Order of Integration was mailed on the date indicated below to the Applicant and to the following persons:

Donna Adams, 8422 W. Phillip Street, Merom, IN 47861
Marita Harris, 1671 E SR 58, Carlisle, IN 47838
Karen Anspaugh, 3425 East Kasson Road, Cedar, MI 49621

August 19, 2009
Dated


Herschel L. McDivitt, Director
Division of Oil and Gas